

EXHIBIT B

IN THE UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF OHIO
WESTERN DIVISION

Q&R ASSOCIATES, INC.,
Plaintiff,

vs.

UNIFI TECHNICAL FABRICS, LLC,
ET AL.,
Defendants.

CONFIDENTIAL
CASE NO. C-1-01-641

DEPONENT: JOHN RANZ, JR.

NOVEMBER 11, 2003

10:16 A.M.

REPORTED BY:
Heidi L. Constable, RPR, RMR

1 relationship between Q&R and UTF?

2 A. I don't remember at that specific
3 point in time that we talked about a possible
4 relationship. It was somewhat of an exploratory
5 meeting, if you will. We talked about the industry
6 in general. We talked about the customers. We
7 talked about the experience that Mike and I had in
8 this industry. Mr. Mebane explained to us that --
9 the process that he had gone through, basically the
10 due diligence, if you will, on how Unifi got into the
11 spunbond business. We talked -- we discussed with
12 Mr. Mebane the rumors in the industry that we had
13 been hearing. And then we also talked about the --
14 what our schedule was for the next day that he had
15 set up for us.

16 Q. And what rumors did you and Mr. Quinn
17 tell Mr. Mebane that you had been hearing?

18 A. Our industry is, we laughingly refer
19 to it as a fraternity. The disposable hygienic
20 market, nobody ever leaves the industry. People
21 change jobs, but they don't leave the industry,
22 change companies. There are no secrets in our
23 industry. There's rumors weekly, monthly about this
24 company or that company or whatever. And there

1 of what Mr. Mebane said to you about the industry
2 rumors relating to the sale of UTF to Avgol?

3 A. It's an accurate statement of my
4 recollection of what Mr. Mebane said, yes.

5 Q. Did he also say that there was a
6 confidentiality agreement between Avgol and UTF?

7 A. My recollection was that Mebane said
8 he was not at liberty to discuss all that had
9 transpired. I don't remember him saying anything
10 about a confidentiality agreement.

11 Q. But you did understand he wasn't at
12 liberty to tell you everything that had happened,
13 correct?

14 A. Well, he said that and went on to
15 discuss everything that I've listed here, so he must
16 have been at liberty to say something.

17 Q. Did Mr. Mebane make a statement about
18 a North Carolina agreement at that February 13
19 meeting?

20 A. Yes, sir, he did.

21 Q. And what did he say? How did that
22 come about?

23 A. Towards the end of dinner his
24 discussions were winding up, and again, as we had

1 discussed what the plans were for the next day, Mr.
2 Mebane said, At this point in time I would like to
3 request that the fact that you two have come down
4 here to visit and that we've had this meeting, I
5 would like to request that we keep this meeting --
6 the fact that this meeting took place confidential
7 amongst the three of us. And Mike and I both
8 responded that we have no problem with that. And at
9 that point Mr. Mebane stood up and we all shook hands
10 and he cheerfully said, We call this a North Carolina
11 agreement.

12 Q. And that was a North Carolina
13 agreement that you keep your meeting secret?

14 A. My impression of what he was terming a
15 North Carolina agreement was, yes, we keep this
16 meeting secret, yes, everything that we discussed at
17 this meeting is secret, and that here in North
18 Carolina our word is our bond, and that's what we
19 call a North Carolina agreement. So if I tell you
20 something, you can take it to the bank and you can
21 trust it to be truthful. That's what I considered to
22 be the North Carolina agreement.

23 Q. The sequence of events was he asked
24 you to keep the meeting secret, you and Mr. Quinn

1 said we agree to keep the meeting secret, and he then
2 shook hands with each one of you and said this is
3 what we call a North Carolina agreement; is that
4 correct?

5 A. That's my recollection, yes, sir.

6 Q. Okay. At that point when you shook
7 hands, you, Mr. Mebane, and Mr. Quinn had not
8 discussed any terms for Q&R to represent UTF, had
9 you?

10 A. No, sir.

11 Q. Okay. What happened on the 14th?

12 A. On the 14th we visited the UTF
13 facility in Mocksville. He also took us to a POY
14 plant, I believe in Yadkinville.

15 Q. What is a POY plant?

16 A. Polyester oriented yarn, I believe.
17 We also went to a third facility, I can't remember
18 what it was. I believe it was another POY plant. I
19 do remember that there was -- on the way to that
20 facility he pointed out that there was one or two
21 guest houses on the property or right next to the
22 property that people stayed at quite frequently.

23 Q. Were you introduced to a number of
24 employees of UTF on the 14th?

1 A. Drypers would be number five.

2 Q. Okay. Can you identify any of the
3 others now?

4 A. It looks like number four is Hospital
5 Specialty. And I believe number two is Principle
6 Business Enterprises. And number three -- number
7 three may be Whitestone, Fred, but I'm not a hundred
8 percent sure.

9 Q. Now, the matrix identifies products
10 and monthly volume; is that correct?

11 A. Bear with me, I'm trying to keep this
12 in order.

13 Q. We're talking about Exhibit 75?

14 A. Right.

15 Q. Right.

16 A. It identifies product and monthly
17 volume, that is correct.

18 Q. Now, does the monthly volume represent
19 what those customers were at the time purchasing
20 through Q&R or does it represent what you thought
21 selling UTF's product you might be able to sell?

22 A. Neither.

23 Q. What does it represent?

24 A. It represents their total purchasing

1 power, their total --

2 Q. I see.

3 A. -- monthly requirements.

4 Q. Okay. So this is not a sales
5 projection at all, it's a statement of what -- what
6 they purchase?

7 A. It's a statement of what they totally
8 purchase --

9 Q. Okay.

10 A. -- on a monthly basis.

11 Q. Okay. And this includes no estimate
12 of how much, if any, of that volume Q&R could switch
13 from Avgol to UTF; is that correct?

14 A. It is no estimate whatsoever.

15 Q. Okay. If you go to 74, can you
16 identify Exhibit 74?

17 A. Exhibit 74 is a Q&R commission and
18 draw plan that Mr. Mebane, I believe, sent by E-mail
19 to Mr. Quinn.

20 Q. Do you know if there is any relation
21 between your matrix, Exhibit 75, and this commission
22 and draw plan 74?

23 A. No, I do not.

24 Q. Okay. Did you or Mr. Quinn prepare

1 any other material for the meeting on March 27th with
2 Mr. Mebane?

3 A. I prepared, and I believe it was at
4 Mr. Mebane's request, an agenda for that meeting.

5 Q. Okay. Let's look at Exhibit 79.

6 A. Okay. I have it.

7 Q. Is Exhibit 79, the second page that
8 says Unifi/Q&R partnership, is this the agenda?

9 A. My recollection is that this is the
10 first page of a two-page agenda.

11 Q. Okay. Look at Exhibit 78, and keep
12 that exhibit in front of you.

13 A. Okay, I have 78.

14 Q. Do you see 78 has on the first page
15 Unifi/Q&R partnership and then there is a second page
16 Gene Kelly, shared employee?

17 A. Yes.

18 Q. Is this the -- what should be the
19 second page of the exhibit, the Gene Kelly?

20 A. Yes.

21 Q. And did you prepare the Gene Kelly
22 exhibit?

23 A. I prepared it with Mr. Quinn's input.

24 Q. Okay. Let's go back to your notes of

1 the meeting. Are these your handwritten notes on the
2 second page of Exhibit 79?

3 A. This page here (indicating)?

4 Q. Yes.

5 A. Yes.

6 Q. Are these the only notes you took in
7 that meeting?

8 A. Yes, sir.

9 Q. About how long did that meeting last?

10 A. If I remember correctly, this meeting
11 started about 9:00 in the morning and lasted to
12 somewhere between 11:30 and 12:00, so approximately
13 two and a half to three hours.

14 Q. Would you start at the upper left to
15 these notes and read them to us and tell us what they
16 mean.

17 A. \$1,639 per hour run line, 6,000 pounds
18 per hour. My memory serves me is that Mr. Mebane
19 informed us that they are -- that was the cost to run
20 the production line and the 6,000 pounds is a -- was
21 the throughput on the production line.

22 Q. Then is that three months, 25,000,
23 three months, 20,000?

24 A. Yes, sir.

1 Q. What's that?

2 A. Those are notes that if you look -- if
3 you look in the agenda we had initially requested
4 monthly compensation of 25,000 per month during a
5 transition period. And during the course of this
6 meeting Mr. Mebane had suggested we consider 25 for
7 the first three months and 20 for the second three
8 months.

9 Q. Then there's a note six to nine, is
10 that months?

11 A. Yes, sir.

12 Q. What does that mean?

13 A. At some point during this meeting
14 somebody had suggested that the length of the
15 transition period would be six to nine months.

16 Q. That would be the period of time you
17 would be paid some sort of monthly compensation?

18 A. Yes, sir.

19 Q. At the end of the meeting with Mr.
20 Mebane, what was the period for you to be paid
21 compensation as opposed to a commission?

22 A. I don't remember that we had agreed
23 upon a length of time.

24 Q. Then after five percent commission on

1 all sales type it says high side.

2 what does that mean?

3 A. Early on in the meeting Mr. Mebane
4 indicated that he felt that five percent commission
5 on sales -- on all sales it was -- he felt this was
6 on the high side.

7 Q. At the meeting was the amount for the
8 commission agreed?

9 A. Yes, sir.

10 Q. And what was the amount?

11 A. Four percent except for Procter &
12 Gamble and SCA.

13 Q. And there's a note down here that says
14 P&G two percent, SCA two percent?

15 A. Yes, sir.

16 Q. Then underneath the handwriting I
17 can't read what it says, order -- is it order entry
18 via E-mail?

19 A. Order entry via E-mail.

20 Q. What does that mean?

21 A. As we were discussing the customer
22 services support that we were going to need, Mr.
23 Mebane informed us of this program that Unifi
24 Corporation had called Fiber Serve, which is an order

1 entry system that is done by the internet. And he
2 explained briefly what Fiber Serve was all about and
3 explained that we would be trained on that system.

4 Q. Then what's the note about Richard
5 Lewis (plant), Doug, Christor, Tim Chambers mean?

6 A. He said -- he also explained that
7 Richard Lewis would be our day-in and day-out
8 customer service contact. I believe at that point in
9 time Richard -- Richard was an employee of Unifi
10 Corporation, but it was Mr. Mebane's intention to
11 bring him over to UTF -- bring him to the UTF plant
12 as our customer service person.

13 As far as technical support, we
14 discussed technical support internal and with
15 customers. And he told us that Doug Nichols and
16 Krister Erlandsson, I believe is his last name, that
17 Doug would be our internal support and Krister would
18 be the external customer support that would go with
19 us to customers if we needed support. Tim Chambers,
20 I don't remember who Tim Chambers is.

21 Q. And what does US and Canada mean?

22 A. We had discussed what we had asked
23 for, exclusive account responsibility of hygiene and
24 personal and care in North and South America. And I

1 believe Mr. Mebane came back and said US and Canada.

2 Q. Then five percent over a dollar
3 something a pound. What's that about?

4 A. I don't remember. I don't remember
5 what that is, Fred.

6 Q. Then it says, Change of ownership
7 includes commitment to Q&R. What's that?

8 A. This -- this is the point in
9 discussions, you know, that I had made the comment to
10 Mr. Mebane that this was going to be our last trip
11 down spunbond road, that Q&R was going to make a
12 long-term commitment to Unifi, and that in return
13 that we expected Unifi to make the same type of
14 long-term commitment to Q&R. Mr. Mebane said any
15 change of ownership in the company would include a
16 commitment to Q&R.

17 Q. Well, did -- did you or Mr. Quinn ask
18 what that meant, what was the commitment?

19 A. At that point in time he did not get
20 specific as to what the commitment would be.

21 Q. Isn't it true that Mr. Mebane said he
22 couldn't give a dollar commitment, he would have to
23 talk to corporate counsel?

24 A. I don't remember him saying that

1 during the course of this meeting.

2 Q. Well, you heard Mr. Quinn yesterday
3 testify to that effect, didn't you?

4 A. Yes, I believe I did.

5 Q. Do you have any reason to doubt Mr.
6 Quinn's testimony?

7 A. No, sir.

8 Q. Then it says here, Length of
9 agreement, three years, 120-day notice. So you were
10 talking with Mr. Mebane about a three-year agreement
11 that had -- that either party could exit by giving
12 120-day notice; is that correct?

13 A. We talked about length of agreement of
14 three years. The 120 days obviously was mentioned, I
15 put it down in my notes. In our industry three-year
16 agreements are pretty standard. And in any type of
17 agreement there usually is an out for performance
18 reasons or what have you, so it -- obviously it was
19 said at some point, but I didn't -- apparently did
20 not feel it was important enough to go into any depth
21 with regards to it.

22 Q. But you did write a note about length
23 of agreement and 120 days notice, obviously, correct?

24 A. Yes.

1 Q. What about -- did you ask not to tell
2 Avgol that you were there?

3 A. I think the way what I requested Bill
4 and Bobby is that we had reached an agreement with
5 Mr. Mebane to represent Unifi and that we would be
6 informing John Cleaver and Moshe and the Avgol people
7 at the end of the show, so if he could please hold
8 that in confidence until the end of the show I would
9 appreciate it.

10 Q. Did you have any other contact with
11 Mr. Mebane during the course of the show?

12 A. Me personally?

13 Q. Yes.

14 A. Not that I remember.

15 Q. Were you part -- who notified Cleaver
16 that you were breaking that relationship?

17 A. Mr. Quinn.

18 Q. Were you in on the call?

19 A. No, I was not.

20 Q. Okay. Do you know when that call took
21 place?

22 A. That took place on Friday morning,
23 which I would believe would have been March 30.

24 Q. Would you pick up Exhibit 80 and

1 A. Mr. Mebane was told in a meeting on
2 March 27 that we needed to be protected.

3 Q. But did some -- did either you or Mr.
4 Quinn say we need a dollar amount protection?

5 A. I did not. I don't remember if Mr.
6 Quinn did or did not.

7 Q. Okay. So you recall that you said you
8 wanted to be protected or Mr. Quinn said that, nobody
9 said exactly what that protection was to be?

10 A. Protection had not been defined, no,
11 sir.

12 Q. Okay. When was the next time that you
13 talked with Mr. Mebane about an agreement between Q&R
14 and UTF?

15 A. I don't remember that I had any -- I
16 personally had any more discussion with Mr. Mebane.

17 Q. Did you -- were you present when Mr.
18 Quinn had any other discussion either face-to-face or
19 over the phone with Mr. Mebane about an agreement
20 between UTF and Q&R?

21 A. No, I was not.

22 Q. Would you look at Exhibit 83 and
23 identify it if you can.

24 A. This is a letter from Mr. Mebane to

1 Mr. Quinn dated April 25t, 2001.

2 Q. okay. Did -- have you seen this
3 letter before yesterday?

4 A. Oh, yes.

5 Q. okay. Did you see it about the time
6 that Mr. Mebane sent it April 25, 2000?

7 A. Yes, sir.

8 Q. He says in here that he has passed on
9 the E-mail correspondence to Mr. McCoy. And then he
10 says he, meaning Mr. McCoy, recommends that if we
11 want to enter an agreement for something other than
12 month to month he would draft definitive agreements
13 for us.

14 Did you or Mr. Quinn consult counsel
15 after you read that the correspondence had been
16 passed on to Mr. McCoy?

17 A. No, we did not.

18 Q. okay. Then he says, "I would like to
19 ask you if there are any items that are unclear or
20 require further definition in our mutual
21 understanding." Did you respond to that?

22 A. Could you repeat that question.

23 Q. It says -- he says at the end of the
24 first paragraph, "I would like to ask you if there

1 recollection of receiving this letter --

2 MR. PACKARD: Wait for the question.

3 Q. What is your recollection of receiving
4 this?

5 A. We had an agreement that we were going
6 to get a \$25,000 check, which we had not received,
7 and my recollection is that Mr. Quinn called Mr.
8 Mebane and asked him when we were going to receive
9 that check. And at some time after that phone call
10 we received a check with this accompanying letter.

11 Q. Okay. Then the last large paragraph,
12 "One final point, he," meaning Mr. McCoy, "asked
13 about the 120 days termination terms." I'm not going
14 to read the rest of it, but he gives a couple of
15 alternatives, no handling the payments for 120 days,
16 and he ends up saying, "What do you think?" Did --
17 do you know if Mr. Quinn ever responded to this
18 question?

19 A. No, I do not know.

20 Q. Did you ever respond to the question?

21 A. No, I did not.

22 Q. Is there some reason that Q&R did not
23 proceed with Mr. Mebane to finalize the agreement and
24 prepare and sign a written agreement?